

Message Text

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ACTION EA-14

INFO OCT-01 ADP-00 AID-20 IGA-02 PM-07 CIAE-00 INR-10

NSAE-00 RSC-01 EB-11 AGR-20 COME-00 TRSE-00 OMB-01

SS-15 NSC-10 SR-02 ORM-03 RSR-01 /118 W

----- 048191

P R 110335Z JUL 73

FM AMEMBASSY PHNOM PENH

TO SECSTATE WASHDC PRIORITY 2045

INFO SECDEF

CINCPAC

COMUSMACTHAI

COMUSSAG

AMEMBASSY SAIGON

AMEMBASSY BANGKOK

C O N F I D E N T I A L SECTION 1 OF 2 PHNOM PENH 6938

FOR STATE/AID

E.O. 11652 GDS

TAGS: EGEN, EIAD: CB

SUBJ: RICE PROJECTION

1. SUMMARY. WITH THE PROJECTED ARRIVAL BY THE END OF JULY OF THE 20,000 TON VIET NAM-ORIGINATED RICE, THE LAST SHIPMENT UNDER THE EARLIER PL 480 PROGRAM, AND THE RICE RECENTLY PURCHASED IN THAILAND, RICE STOCKS FOR THE AREAS SERVED BY PHNOM PENH WILL RISE TO A PEAK OF 473-58 DAYS SUPPLY, DEPENDING ON HOW MUCH RICE IS SECURED FROM BATTAMBANG. AFTER AUGUST 1, ABSENT OF PROCUREMENT OF ADDITIONAL RICE IN THAILAND OR ELSEWHERE, THERE WILL BE AN INEXORABLE DECLINE IN RICE STOCKS UNTIL TOTAL EXHAUSTION IN EARLY OR LATE SEPTEMBER. END SUMMARY.

2. THE FOLLOWING IS A PROJECTION OF THE RICE SITUATION FOR CAMBODIA DURING THE MONTHS OF JULY, AUGUST AND SEPTEMBER, 1973.

JULY	AUG	SEPT
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BEGINNING STOCKS, PHNOM

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PENH/UTAPAO/KOMPONG SOM 14914 14914 31834 23834 18034 3034

DOMESTIC STOCK, I.E.

BATTAMBANG	8000	---	7000	---	---	---
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IMPORT:

1) VN RICE	18620	18620	---	---	---	---
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2) THAI RICE	5600	5600	---	---	---	---
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3) PL 480	5500	5500	---	---	---	---
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TOTAL AVAILABLE W DOMESTIC

SUPPLY	52634	38834	23834	18034	3034
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TOTAL AVAILABLE W/O

DOMESTIC SUPPLY	44634
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LESS:

1) MARITIME PROVINCES

(1750/MO)	1750	1750	1755	1750	1750	1750
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2) UTAPAO AIRDROPS (200/MO)	200	200	200	200	200	200
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3) SVAY RIENG & KOM CHAM

(1800/MO)	1800	1800	1800	1800	1800	0600
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NET AVAILBE	17050	17050	17050	17050	17050	16500
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ENDING STOCK	31834	23834	18034	3034	25.9 DAYS
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INFO SEPT ONLY

DAYS SUPPLY	5 7/8	43.3	32.7	5.5
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DAYS	DAYS	DAYS	DAYS
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3. IN DEVELOPING THE ABOVE PROJECTION WE HAVE MADE THE FOLLOWING ASSUMPTION:

A) BEGINNING STOCKS - INCLUDES STOCKS IN PHNOM PENH, KOMPONG SOM PLUS ESTIMATED STOCKS IN UTAPAO.

B) IMPORTS - INCLUDES 20,000 M/5 RICE FROM VIETNAM LESS LOSSES AND 900 M/T NEEDED FOR REPAYMENT TO VIETNAM FOR EARLIER AIRDROPS; 5,600 M/T THAI RICE (5,000 M/T CONTRACTED FOR PLUS 600 M/T REMAINING TO ARRIVE FROM LAST PURCHASE); 5,500 M/T REPRESENTING THE LAST PL 480 SHIPMENT.

C) BATTAMBANG RICE - THE ABOVE PROJECTIONS BOTH INCLUDE QAND EXCLUDE BATTAMBANG DELIVERIES TO PHNOM PENH. ASSUMING THAT ROUTE 5 REMAINS OPEN WE ESTIMATE THAT A MAXIMUM OF 8,000 M/T COULD BE PHYSICALLY TRANSPORTED TO PHNOM PENH EACH MONTH. SEPTTEL FOLLOWS ON BATTAMBANG RICE AVAILABILITY, HOWEVER, WE NOW ESTIMATE THAT THE BATTAMBANG SURPLUS MAY BE ONLY 15,000 M/T. WHILE THERE MAY BE MORE RICE THAN 15,000 M/T AVAILABLE IN BATTAMBANG, WE HAVE BASED OUR ESTIMATE CONSERVATIVELY AT THAT LEVEL.

D) CONSUMPTION - WE ASSUME A MINIMUM OF 550 M/T PER DAY FOR
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PHNOM PENH, FANK, AND PROVINCES SERVED BY TRUCK FROM PHNOM PENH. ESTIMATES OF THE MARITIME PROVINCES HAVE BEEN INCREASED FROM 1,350 M/T-TO 1,750 M/T PER MONTH DUE TO AN INFLUX OF REFUGEES. REQUIREMENTS OF SVAY RIENG AND KOMPONG CHAM FOR RICE TO BE FURNISHED FROM PHNOM PENH ARE AT 1,800 M/T PER MONTH. (KOMPONG THOM IS NOT INCLUDED AS SUPPLIES ARE DRAWN FROM BATTAMBANG). FINALLY AIRDROP FROM UTAPAO TO PREY VENG AND OTHER ENCLAVES ARE ESTIMATED TO BE 200 M/T PER MONTH
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4. THE TABLE IN PARAGRAPH 2 INDICATES STOCKS FROM ALL AVAILABLE SOURCES (I.E. PL 480 RICE, THAI RICE, AND BATTAMBANG RICE) WILL BE EXHAUSTED BEFORE THE END OF SEPTEMBER AND WITHOUT BATTAMBANG DELIVERIES

BY THE BEGINNING OF SEPTEMBER. ASSUMING THAT THE BEGINNING OF DECEMBER WOULD BE THE EARLIEST THAT RICE FROM THE NEW U.S. CROP COULD ARRIVE IN CAMBODIA, THE GKR WILL REQUIRE A BARE MINIMUM OF 45,000 M/T OF RICE TO MAINTAIN RICE CONSUMPTION DURING SEPTEMBER, OCTOBER AND NOVEMBER. THIS AMOUNT OF RICE WOULD OF COURSE NOT INCLUDE PROVISION FOR A SECURITY STOCK. IN THE EVENT BATTAMBANG'S DELIVERY OF 15,000 M/T OF SURPLUS RICE DOES NOT REACH PHNOM PENH, THE DEFICIT WILL BE STILL GREATER.

5. THE ONLY PRESENT, FORESEEABLE, TIMELY SOURCE OF RICE TO CLOSE THE GAP IS THAILAND (AND 5,000 M/T OF RICE FROM JAPAN PER TOKY 8758 JUST RECEIVED). WITH LUCK THE GKR WILL BE ABLE TO PURCHASE AN ADDITIONAL 5,000 TONS THIS MONTH AND ANOTHER 25,000 AFTER THE SECOND THAI RICE CROP COMES IN. HOWEVER, GIVEN THE CONTINUING DIFFICULTIES IN NEGOTIATING WITH THE RTG FOR RICE OF QUALITIES TRADITIONALLY CONSUMED IN CAMBODIA AND WHICH ARE NOW LEGALLY BANNED FOR EXPORT FROM THAILAND, ACQUISITION OF THIS RICE IS QUESTIONABLE. HOWEVER, BROKENS AND PAR-BOILED RICE ARE ELIGIBLE FOR EXPORT AND WE ARE URGING SONEXIM TO EXPLORE NOW THE PROBABILITIES OF ACQUIRING THESE TYPES OF RICE. THESE GRADES SHOULD LOGICALLY BE CHEAPER THAN THE 1/55 RICE JUST PURCHASED, ALTHOUGH GIVEN THAI BARGAINING POWER, THIS CANNOT BE PREDICTED WITH ANY DEGREE OF CONFIDENCE.

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SS-15 NSC-10 SR-02 ORM-03 RSR-01 /118 W

----- 048157

P R 110335Z JUL 73

FM AMEMBASSY PHNOM PENH

TO SECSTATE WASHDC PRIORITY 2046

INFO SECDEF

CINCPAC
COMUSMACHTAI
USSAG
DIA WASHDC
AMEMBASSY SAIGON
AMEMBASSY BANGKOK

C O N F I D E N T I A L SECTION 2 OF 2 PHNOM PENH 6938

FOR STATE/AID

6. ANOTHER POSSIBILITY IS A PRIVATE SALE OF 1/25/1/55 THAI RICE. AN OFFER OF 40-100,000 TONS KEEPS EMERGING FROM TIME TO TIME BUT ITS BONAFIDES ARE DOUBTFUL. THE PHNOM PENH PROMOTER OF THIS DEAL JUST RENEGED ON A CONTRACT TO FURNISH THAI SUGAR UNDER THE CIP AND THERE IS NO REASON TO BELIEVE HE WOULD BE ANY MORE RELIABLE IN THE CASE OF RICE. THIS IS PROBABLY NOT THE ONLY DEAL THAT MIGHT SURFACE AND LY KIM HENG THINKS A PRIVATE SALE OF SOME SORT MIGHT BE ARRANGED IN THAILAND FOR 1/25-1/55 RICE AT A PRICE OF ABOUT \$250 A TON FOB BANGKOK. WE HAVE NO WAY OF ASSESSING THE VALIDITY OF HIS JUDGEMENT ALTHOUGH THERE ARE REPORTS HERE OF CONTINUING PRIVATE SALES OF THAI RICE WHICH ARE AT LEAST IN TECHNICAL VIOLATION OF THE RTG'S EXPORT BAN. LY KIM HENG BELIEVES THE FACT OF THE BAN IMPOSES A HIGH DEGREE OF RISK IN GOING FORWARD WITH A PRIVATE SALE. WE ARE INCLINED TO AGREE WITH HIM BUT WOULD LIKE TO HAVE BANGKOK'S VIEWS, PARTICULARLY AS TO THE QUESTION OF WHETHER IN FACT PRIVATE DEALS ARE BEING ARRANGED AND EXECUTED WITH THE TOLERANCE OR CONNIVANCE OF THE THAI AUTHORITIES. WITH RESPECT OF ALL THAI RICE, ARRANGEMENTS WILL HAVE CONFIDENTIAL

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TO BE MADE VERY QUICKLY, SINCE NEGOTIATIONS WILL UNDOUBTEDLY BE PROLONGED NOT ONLY FOR RICE BUT SHIPPING AS WELL. OTHERWISE THERE IS LITTLE LIKELIHOOD THAT ANY THAI RICE WILL ARRIVE HERE BEFORE THE NEW DANGER POINT IS REACHED.

7. REDUCTION IN THE RATE OF DISTRIBUTION, WHICH ON A TREND BASIS IS NOW IN THE RANGE OF 570-600 TONS PER DAY WILL, OF COURSE, HAVE TO BE CONSIDERED ALTHOUGH EXTREMELY DIFFICULT TO ACHIEVE. WE HAVE AMPLE EVIDENCE OF THE FEEBLENESS OF THE GKR'S ADMINISTRATIVE MACHINERY IN DEALING WITH PRESENT RICE PROBLEMS. WHILE WE ARE PREPARED TO PUSH THE GKR IN THIS REGARD, GIVEN THIS FACT AS WELL AS THE POLITICAL RISKS INVOLVED, WE ARE NOT OPTIMISTIC.

8. THESE ALTERNATIVES ARE THE ONLY ONES THAT WE SEE AT THE PRESENT TIME AND THEY ARE NOT ENCOURAGING. THUS, IF A NEW CRISIS IS TO BE AVOIDED IN SEPTEMBER, AN INTENSIVE SEARCH WILL HAVE TO BE MADE FOR OTHER SOURCES OF IMPORTED RICE.
SWANK

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 11 JUL 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973PHNOM06938
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS SWANK
Errors: N/A
Film Number: n/a
From: PHNOM PENH
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730740/aaaabdkd.tel
Line Count: 222
Locator: TEXT ON-LINE
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 19 NOV 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19-Nov-2001 by shawdg>; APPROVED <14-Dec-2001 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: RICE PROJECTION
TAGS: EGEN, EAID
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005